

I am a dual citizen. I lived and worked in the USA thirty years and I am very proud of being an American Citizen. About ten years ago I decided to come back to my country of origin. Now, 80 years old and with failing health I regret having become an US citizen.

I had an USA CPA doing my US taxes until 2008. He never told me about FBARS. I learned about them by chance when visiting my two daughters and son who live in the USA. Since then my life has become a nightmare. I have spent sleepless nights trying to comply with the demands being placed on me and the threats of stiff penalties that do not apply to Americans living in the mainland. I have spent a lot of time and money trying to find out what I should do to comply.

My situation has become so impossible that I don't know what to do.

I have no representation. Because my country of origin has neither a tax treaty nor a Social Security equalization treaty with the USA I am required and have been paying SS Self employment Taxes to both countries, earning nothing in return. I cannot claim a credit on my USA tax return for the double Social Security tax I pay in my country of origin. Also I have a pension in my country of origin from my working here. In this country this pension is not subject to tax so I don't pay income tax to my country on this pension. But the USA taxes me on this pension. In this country I also have some savings, the earnings on which are not subject to tax so do not pay tax here on this income. Yet I have to pay taxes to the USA on this income.

It seems to me that I have now three possibilities: return to the USA with my failing health using my Medicare and Supplemental Insurance, renounce my citizenship or stop work altogether. I can't afford to pay this much tax to two countries.

Mind you that I have never invested one cent of what I earned in the USA in my country of origin. I have savings and tax shelter plans the USA which I will never bring to my country of origin. They will stay with my son, daughters and grand daughter who are Americans and live in the USA. On the contrary I frequently send money earned where I am now to them in the USA.

When I heard about Amnesty to Americans living abroad who did not know about FBARS I thought that I needed to do was to start sending my FBARS to the Treasury Department. But this was not the case. I was being threatened with penalties for not knowing about them. I felt that the amnesty was a trap set for me which was very unfair. I am glad to know that Nina Olson, Tax Payer Advocate, does feel the same way.

I think that the USA, as all other countries in the world, should not tax its citizens who live and work in a foreign country. We are not the same as Americans who live in the mainland who hide investments in foreign countries to avoid paying taxes. Yet we are being placed in the same category: one size fits all, when it does not.

If the USA continues to tax Americans living and working abroad, which no other country does to its citizens abroad and which I do not recommend be continued, they must simplify the paper work, give more support for us, allow us to have representation in the US Congress. They should not tax our tax free pensions received from working in the other country (as it is now they tax in certain countries unless there is a tax treaty which specifically excludes them from taxation, and not in others if there is no treaty). They should allow these Americans to chose to contribute or not to SS self employment taxes to one or both countries but not obligate those living in another country to this double Social Security taxation. And there are more suggestions to be made so that we all can remain proud Americans living and working in another country.

Thank you

M. Pinheiro

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